



Early Retirement: 3 Key Considerations for Professionals

Early retirement is something successful professionals dream about but most fail to plan for strategically. In planning, most focus on their assets, things like tax-deferred retirement accounts, ISO/RSU equity plans, or real estate investments. What is often overlooked: three key considerations that greatly affect if your assets can fund the life you want:

Longevity

Let's say you retire early at age 50, can your assets cover 40 to 50 years of living expenses? To have the best possible estimate takes careful analysis of many variables, such as where you will live, the rate of inflation, the likely returns on your investment portfolio and much more.

Giving yourself permission to retire early from professional life – to apply your wealth toward the life you want to live — takes conviction, and that conviction can only come from being informed through careful analysis and forecasting. A trusted wealth advisor can help you to create a plan for income stability past age 90, including cash flow modeling and tax strategies that make the most of your assets.

Healthcare

You might be quite healthy now, but this is not likely to be the case a decade or two from now. So be sure to budget for healthcare costs, especially if you're planning to retire before you qualify for Medicare at age 65. While health insurance coverage is more widely available now, you may be shocked at the cost when it's not employer sponsored.

Often overlooked are Health Savings Accounts (HSAs). HSAs are the only type of savings account that is triple tax-free: (1) Contributions to an HSA are tax-deductible (up until age 65); (2) You can invest money within the HSA tax-free; and (3) you can withdraw money tax-free from the HSA to pay for medical expenses at any age. However, you cannot use your HSA to pay insurance premiums, only co-pays and other out of pocket expenses not covered under your plan.

Because the costs of health insurance can tend to rise dramatically after age 50, you must decide how much you can self-insure, how much to pay for in health insurance coverage

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(including long-term care) and how to mitigate the impact on your family when your health declines. Healthcare costs are one of the key things an experienced financial advisor can help you analyze and cover.

Your Next Big Thing

For A-type personalities, retirement can seem like the good life until you're a few months in. That's when the glow of retirement starts to fade, and the lack of goals and achievements starts to wear on you. So it's key that you re-orient yourself. When you were younger, your goals were probably obvious and varied, such as a nice house, schooling for the kids, entertaining, etc. When those goals are met or fall away, you need new ones. What are those?

Thinking about what gives you joy might seem strange and/or selfish. But this is a key part of planning for an early retirement. Keep in mind that experiences often offer much more reward than buying things. So, take a class about something you've always been curious about, travel to a continent you've never set foot on, or volunteer.

Although these types of activities may have been on the back burner, they should now be a key part of your planning process. Having a solid plan of adventures and passions to look forward to will make early retirement much more rewarding. And an expert wealth advisor can help you to understand the financial impact of your next big thing.

The bottom line: expert financial planning can provide the conviction you need to retire early and successfully. We know because we have been helping clients do this for over 50 years.

Laird Norton Wealth Management provides a full-service, boutique experience that includes: STRATEGIC Investment Management, IN-DEPTH Financial & Retirement Planning, EXPERT Trust and Estate Planning, Tax Planning Strategies, Cashflow Modeling and more.

Learn More: To find out more about how Laird Norton Wealth Management can help you better manage your finances and plan for the next chapter, call or email us to set up an appointment today.

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